

VZCZCXYZ0008
RR RUEHWEB

DE RUEHTO #0320/01 0581134
ZNR UUUUU ZZH
R 271134Z FEB 09
FM AMEMBASSY MAPUTO
TO RUEHC/SECSTATE WASHDC 0070
INFO RUCNSAD/SOUTHERN AFRICAN DEVELOPMENT COMMUNITY
RUEHLO/AMEMBASSY LONDON 0356
RUEAIIA/CIA WASHDC
RHEFDIA/DIA WASHDC
RHEHNSC/NSC WASHDC

UNCLAS MAPUTO 000320

SENSITIVE
SIPDIS

E.O. 12958: N/A
TAGS: [PGOV](#) [PREL](#) [PINR](#) [EPET](#) [MZ](#)
SUBJECT: FORMER FOREIGN MINISTER ON INTERNAL POLITICS

REF: 08 MAPUTO 1250

11. (SBU) SUMMARY: The Charge d'Affaires met with Dr. Leonardo Simao, Executive Director of the Joaquim Chissano Foundation and former Minister of Foreign Affairs under President Chissano on February 19. Simao denied press reports of any splintering within ruling party Frelimo, predicted the imminent demise of Renamo, and anticipated that a new political party led by popular mayor of Beira Daviz Simango would grow quickly with membership ultimately exceeding that of Renamo at its zenith. Dr. Simao also gave an overview of a proposed South African-Mozambican project to build an \$8 billion refinery on the coast of central Mozambique. Simao's in-depth analysis of Frelimo challenges and muted denials of party splintering suggest that internal problems in the party might be well-founded. END SUMMARY.

FRELIMO WILL NOT SPLINTER

12. (SBU) Simao said press reports of splintering within the ranks of majority party Frelimo were unfounded. He stated that nearly all party members are employees of the government and face the loss of their jobs if they dissent, even internally; this connection keeps them tightly tied to the party in power. He steadfastly denied that former President Chissano and he were planning to break away from Frelimo, claiming that rumors to that the effect had been started by disgruntled Frelimo members hoping to force former President Chissano into just such an action.

FRELIMO, GOVERNMENT INCREASINGLY CENTRALIZED

13. (SBU) Simao stated that the major challenge facing Frelimo is the transition of power to the post-war generation. Frelimo has become more centralized since the Chissano presidency, he said, noting that all governing is done from the top down, e.g. Ministers receive marching orders directly from the President, with little room for independence. Simao described Guebuza as a cold figure with whom it was difficult to engage in real debate. Noting the year-long celebrations in 2009 honoring the founder of Frelimo Eduardo Mondlane, he argued that Frelimo has shifted focus to its history, rather than looking to the future, in an attempt to assuage the old guard. This shift has left party intellectuals feeling disenfranchised as they urge a focus on the future.

DEMISE OF RENAMO, EMERGENCE OF A NEW PARTY

14. (SBU) Simao said that he viewed opposition party Renamo as a spent force and nearly defunct. He observed that party chief Afonso Dhklama is a soldier not a party leader, and does not have the leadership or intellectual ability to allow for ideas different to his--which has weakened Renamo beyond repair. On the other hand, Simao predicted the rapid growth of a new party to be led by Beira Mayor Daviz Simango (reftel), estimating that it will exceed the size of Renamo at its peak. The party would draw membership, Simango suggested, from urban, young, educated, upwardly mobile, middle class Mozambicans who are frustrated with the government's inflexibility and are looking for a way to transition into power.

OILMOZ: ANOTHER PETROLEUM REFINERY?

15. (SBU) Simango, a lead investor in consortium of Mozambicans seeking to build an 8 billion USD oil refinery along the southern coast of Mozambique, indicated that the government recently granted the consortium, known as OILMOZ, a 2-year window in which to design and finance the project. As currently envisioned, Shell Trade International along with Shell Global Solutions would provide the crude oil and agree to buy back at least 70% of production, moving the oil to South Africa through the Mozambique-South African pipeline currently under construction. By Simao's own admission, OILMOZ has little capital; instead it intends to use the Shell participation to leverage the funding needed to construct the refinery. OILMOZ aims to present the project to financiers in the near future.

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COMMENT: FRELIMO INTERNAL PROBLEMS MAY BE REAL

16. (SBU) Simao remains a close ally of former President Joaquim Chissano and is still active in Frelimo politics. He spoke surprisingly freely about the current internal situation of the party. While he denied (in muted terms) the possible split of the Frelimo party rumored by the press, he was quick to critique the current leadership and explain in great detail why many would leave Frelimo. He has clearly thought through the transition of power from the old guard to the new and the concomitant need for greater opportunities for Mozambique's growing, young, educated middle class. He intimated that he believes that Mozambique's continued growth as a democracy is contingent on further economic growth, which in turn would give voters greater confidence to vote against the ruling party. For a life-long political leader of Frelimo to speak so critically about his own party is rare indeed, but is reflective of the discontent of some factions---especially the Chissano faction---within Frelimo about the direction of the country.
Chapman